

2013 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title:

AN ORDINANCE relating to the Building and Construction Codes, Subtitle VI Fire Code; amending Seattle Municipal Code Sections 22.602.045, 22.602.050, 22.602.070, 22.602.080, and 22.602.090, to add, delete and revise various Seattle Fire Department permit, certificate, inspection and plan review fees and related provisions.

Summary of the Legislation:

This legislation would adjust fee levels and titles, eliminate certain fees, and introduce a small number of new fees to be charged by the Seattle Fire Department's Fire Prevention Division, also known as the Fire Marshal's Office. The Fire Marshal's Office is dedicated to preventing fires and ensuring the safety of people who live, visit, and work in Seattle. The proposed changes to the fee ordinance are intended to align fee levels with revised costs of service, streamline and in some cases reduce special events fees for fireworks and street food vending, and update fee descriptions and conditions to ensure consistency with the most recent Seattle Fire Code. The proposed legislation would result in a modest revenue increase of \$2,000. In 2013, revenues for the Fire Marshal's Office are anticipated to exceed 2012 adopted estimates by \$715,000, due largely to stronger than anticipated activity in construction-related lines of business. Overall cost recovery levels are anticipated to achieve 77% in 2013.

Background:

The Fire Marshal's Office has historically operated by collecting fees that offset only some of the cost of providing fire prevention services to direct service users. Between 2004 and 2011, fees collected by the Seattle Fire Department (SFD) to cover costs of fire prevention services to direct service users increased from \$2.3 million to \$4.3 million. During the same time period, staffing in the Fire Marshal's Office was reduced by 8.0 FTE or 13%, and these budget reductions have helped lower the costs of providing services. As a result, and consistent with Executive and Council direction, cost recovery levels in the Fire Marshal's Office have increased over time. Both direct and indirect costs of providing services are included when making cost recovery calculations.

Fee increases of 15% are proposed for the installation of **Knox Boxes** and increases of 25% are proposed for **code compliance inspections** when multiple re-inspections are required. These adjustments improve the low cost recovery levels in these areas. Further adjustments may be considered in future reviews to continue to address cost recovery.

The City's consultant, TriData Corporation, has recommended that fees be set at 100% cost recovery levels for **certification** examinations for persons working on fire protection systems and for **construction plan review**. These areas had not previously been targeted to achieve

100% cost recovery. To moderate impacts on the City's customers and to create predictability in fee changes, the Executive recommends phasing the increases in over a period of five to seven years. The phased approach results in proposed increases of 11.9% for certification examinations and 7.6% for plan review services in 2013 with identical percentage increases in 2014

Overall fee increases are not proposed for the **special hazards** unit (previously known as the hazardous materials program) as the program has already achieved greater than 85% cost recovery. This overall cost recovery level takes into account a reduction of \$34,000 in marine terminal fees to align with costs of service.

The legislation proposes to revise the **special events** program to streamline and reduce fees for street food vendors using fuel sources to cook food; simplify permits for fireworks; and remove the requirement that small outdoor events receive an SFD permit. These changes are consistent with Executive and Council direction to provide relief to small vendors and make the special events process work better for customers. In addition, the legislation restores two permits for farmers' markets that were created in 2009 by Ordinance No. 123090 and inadvertently left out of the 2011 SFD Fee Ordinance. The first is a no fee place of assembly permit for farmers' markets and the second is a permit for using liquefied petroleum gas (LPG) for heating purposes during farmers' markets. The farmers' market LPG permit fee was initially set at the same level as other LPG permits. It did not receive the increase that was adopted for other LPG permits in 2011, because it was omitted from the 2011 SFD Fee Ordinance. This legislation restores the farmers' market LPG permit with a fee consistent with other LPG permits in 2013. In addition, the legislation proposes a 3% increase for many special events fees, as a result of cost growth. Overall, the proposed changes result in a \$9,000 reduction in special events program revenues and would achieve 73% cost recovery levels for the special events program.

The legislation proposes a new fee of \$169 per hour in the **construction inspections** program for testing emergency responder radio systems in buildings as required by the Seattle Fire Code. In addition, a new fee of \$220 plus \$4.40 per device is created for inspecting existing fire alarm systems when no new fire alarm control panel and associated backbone wiring runs are installed. This proposed fee would complement the existing, higher fee for inspecting new fire alarm systems including new panels and is intended to promote equity in the fee structure. Customers would now be disaggregated into two fee groups based on the complexity and duration of the work performed by the Seattle Fire Department. Finally, increases of 6% are applied to other inspection fees in the program to align with cost increases over time. Overall, the proposed changes would reduce revenues by \$19,000 and the construction inspections program would fully recover its costs.

 This legislation does not have any financial implications.

 X This legislation has financial implications.

Summary of Changes to Revenue Generated Specifically from this Legislation:

Revenue Source	2013 Proposed	2014 Endorsed
Certification	\$17,199	\$18,863
Special Events	(\$9,000)	0
Hazardous Materials	(\$34,000)	0
Construction Inspections	(\$19,000)	0
FirePrevention Reinspections/KnoxBox	\$8,000	0
Plan Reviews	\$39,200	\$42,467
Total Fees and Charges Resulting From Passage of This Ordinance	\$2,399	\$61,330

Revenue Change Notes:

The total impact of proposed fee changes included in this legislation is a modest increase of less than \$3,000 in 2013, with additional revenues of \$61,330 above 2013 amounts expected in 2014. Individual changes are described in the section above. The only changes identified for 2014 at this time are phased increases in plan review fees and fees for certification examinations in response to recommendations from the City's consultant, TriData, to gradually achieve 100% cost recovery in these areas. The Seattle Fire Department will continue to review and monitor service and cost recovery levels. Further changes may be brought forward for consideration as part of the 2014 budget process.

While this legislation does not include large fee increases, overall revenues for the SFD fee programs in 2013 are estimated to be almost \$715,000 higher than 2012 Adopted Revenue estimates, reflecting a somewhat stronger than anticipated local economy.

Most Fire Department permit and inspection fees were last raised January 1, 2011. Increases at that time were 10-15% in several program areas of the Fire Department.

Comparing permit fees to those charged by neighboring Washington cities and counties is challenging, as most neighboring fire departments do not have the same level of regulatory and inspection requirements that Seattle has. When compared to fees charged by other jurisdictions of similar size and complexity that provide fire prevention regulatory services, such as Oakland, CA, San Jose, CA, and Phoenix, AZ, the user fees are within a comparable range.

Permit Title	Proposed Seattle	Oakland, CA current	San Jose, CA Current	Phoenix, AZ Current
Assembly with occ. load of 300	\$439	\$251 plus \$158 if over one hour inspecting	\$410	\$135
Tent or canopy	\$236 or applicable temp. assembly permit, whichever is greater	\$251 plus assembly permit of \$251 if over 400 sq. ft.	\$550 including one hour plan review and inspection	\$540 if over 800 sq. ft.

LPG storage/use	\$173 - \$319	\$84	\$410	\$135 - \$1,650 depending on occupancy
Indoor pyrotechnics	\$625	\$334	\$550	\$540 1 st performance plus \$135 for each add'l performance
Non-compliance reinspection	\$229	\$158 1 st \$189 2 nd \$227 3 rd \$272 4 th \$334 5 th	\$166 hourly rate – if three admin citations received, charged \$500	\$135

Anticipated Total Revenue from Entire Program, Including Changes Resulting from this Legislation:

Fund Name and Number	Revenue Source	Total 2013 Revenue	Total 2014 Revenue
General Fund, No. 00100, Fire Department	Certification	\$162,004	\$180,868
General Fund, No. 00100, Fire Department	Special Events	\$421,516	\$421,516
General Fund, No. 00100, Fire Department	Code Compliance	\$219,057	\$219,057
General Fund, No. 00100, Fire Department	Hazardous Materials	\$1,848,624	\$1,848,624
General Fund, No. 00100, Fire Department	Construction Inspections	\$1,147,324	\$1,147,324
General Fund, No. 00100, Fire Department	Overtime Construction Inspections	\$101,740	\$101,740
General Fund, No. 00100, Fire Department	Fire Prevention Reinspections/Knox Box	\$23,719	\$23,719
General Fund, No. 00100, Fire Department	Plan Reviews	\$558,600	\$601,067
General Fund, No. 00100, Fire Department	Confidence Testing	\$150,000	\$150,000
TOTAL		\$4,632,584	\$4,693,914

Total Revenue Notes:

Overall revenues for the SFD fee programs in 2013 are estimated to be almost \$715,000 higher than 2012 Adopted Revenue estimates, reflecting a stronger than anticipated local economy.

The only changes identified for 2014 at this time are phased increases in plan review fees and fees for certification examinations in response to recommendations from the City's consultant, TriData, to gradually achieve 100% cost recovery in these areas. The Seattle Fire Department will continue to review and monitor service and cost recovery levels. Further changes may be brought forward for consideration as part of the 2014 budget process.

Other Implications:

- a) Does the legislation have indirect financial implications, or long-term implications?
No
- b) What is the financial cost of not implementing this legislation?
There is no direct cost to the City of Seattle in not implementing the legislation. However, the legislation intends to re-align fee levels based on current service costs. This realignment is an important component of managing a fee-based program. The legislation also proposes modifications to ensure consistency between the SFD Fee Ordinance and the Seattle Fire Code. Not making these changes would lead to a fee structure that is less appropriate and potentially more confusing for businesses and residents in Seattle.
- c) Does this legislation affect any departments besides the originating department?
Yes. The Department of Planning and Development's (DPD's) Hansen system would be used to implement the new fire alarm inspection fee. SFD and DPD have discussed and verified implementation requirements should the new fee be approved. Some departments are required to have permits for hazardous materials, however in general this legislation is not making changes to hazardous materials (Schedule C) permit fees.
- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?
None
- e) Is the legislation subject to public hearing requirements?
No
- f) Other Issues:
None

Please list attachments to the fiscal note below:
None